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## All Power to Global Capital!

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# All Power to Global Capital!

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*It is one of the key precepts of the 'political economy of reform' that every crisis is an opportunity to be exploited to drive reform forward. True to form, the international organisations and their G-20 allies have used the current crisis to their advantage. They have greatly reinforced the power of the IMF in particular, with the intention of tightening further the disciplinary power of capital, in line with a project under way for two decades. In this context, proposals to introduce an unconditional IMF Flexible Credit Line and to democratise the Bretton Woods institutions are traps for the unwary. Rather than empowering the poor in the developing world they legitimise and intensify mechanisms that subject them to closer control and exploitation by capital. The response of the IFIs to the global crisis – highly successful so far – has taken the form of a carefully staged illusion dependent on the magician's art of misdirection. However, their own recent publications, analysed here, give their secrets away. As a general rule, the more progressive these proposals for reform seem to be, the more dangerous they are.*

## Introduction: 'IMF is back!'

Dominique Strauss-Kahn, Managing Director of the IMF, was jubilant in the wake of the recent G-20 Summit:

Maybe some of you were in the IMF press conference at the end of the Annual Meeting last October. And if some of you were there, then you may remember that what I said at that time is that IMF is back. Today you get the proof when you read the communiqué, each paragraph, or almost each paragraph – let's say the important ones – are in one way or another related to IMF work (IMF, 2009d).

He was right, as has been widely recognised. The return of the IMF to a central role in the governance of global capitalism is the result of a carefully orchestrated process which has been going on behind the scenes within the IMF itself and between the IMF, other international organisations such as the OECD and the World Bank, and the UK government in particular over the last eighteen months – sketched out at the London G20 meeting and elaborated upon at the April 2009 Spring Meetings of the IMF and the World

Bank. These recent developments build in turn on a longer-term project, under way since the late 1980s, aimed at promoting capitalism on a global scale – one that incidentally bears little resemblance to the 'Washington Consensus' which critics of the Bretton Woods institutions commonly denounce.

This paper argues that an inadequate understanding of the character of the project is dangerous, because it leads to a fatal misinterpretation of the significance of the principal proposals currently being put forward. Specifically, the two developments that have been promoted and cautiously accepted by some as the most progressive – the elimination of conditionality in the IMF's new Flexible Credit Line, and the plans for strengthened representation of developing and emerging economies in the IMF and the World Bank – are the most insidious.

## The Global Project

The widely accepted notion of the 'Washington Consensus' – often reduced to a formula of privatisation, liberalisation and deregulation, or the subordination of states to markets – never captured the essential components of the development strategies promoted by the IMF and the World Bank from the late 1980s onwards, for two reasons. First, it made no reference to the central idea of the project – that, to quote the 1990 World Development Report, the only route to the abolition of poverty was to “promote the productive use of the poor's most abundant asset – labor” (World Bank, 1990: 3). The engagement of the world's poor in productive labour (or the creation of a genuinely global proletariat) has remained the central objective of the project ever since. Second, it gave the impression that the project was focused exclusively on what may variously be called poor and middle income countries, developing societies or 'emerging economies'. Yet in precisely the same period a parallel strategy was promoted – principally by the EU and the OECD – for

the developed economies as a group, and the member countries of the European Union in particular. This strategy, spelled out in the EU's 1993 White Paper on Competitiveness and the OECD Jobs Strategy of 1994, and reflected today in the EU 'Lisbon Agenda for Growth and Jobs' and the OECD's annual series *Going for Growth*, has exactly the same focus on the need for an active state that promotes integration into the global capitalist economy, competitive product markets, and in particular the maximisation of the number of people in work and the productivity of their labour. The key theme running through all of these proposals is not privatisation, or liberalisation, or deregulation, but *competitiveness* – the creation of national environments characterised by competitive product and labour markets, in a global system regulated in such a way as to boost the level of competition on a global scale (Cammack, 2006).

Underpinning these initiatives, then, is not a project for the developing world, or the emerging economies, or the developed world, but a *universal* project aimed at maximising the level of competitiveness throughout the global capitalist economy. I characterise its underlying objective, therefore, as 'universal convergence on competitiveness'.<sup>1</sup> It is a global project, promoted principally by and through the international organisations. Its principal precepts, in brief, are that national governments should not be passive in the face of the market but should maintain macro-economic stability, while directing spending towards social safety nets and infrastructure programmes that favour the creation of productive jobs; that they should also provide basic programmes of health and education,

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<sup>1</sup> The Washington Consensus as described by Williamson highlighted nine key features: fiscal discipline, tax reform, financial liberalisation, competitive exchange rates, trade liberalisation, free entry and equal conditions for foreign direct investment, privatisation of state enterprises, deregulation, and secure property rights. In contrast, the ten principal elements of the Universal Convergence on Competitiveness are as follows: All countries must pursue competitiveness in the global economy; country ownership is essential; international institutions are 'strategic partners in the political economy of reform'; their task is to promote national reforms that contribute simultaneously to national and global competitiveness; sound macro-economic policies are still the indispensable starting point; beyond that, governments must create and maintain a good climate for investment; it must then provide an abundant and productive labour force; public expenditure should be directed to growth-supporting infrastructure and accelerated human capital formation; entrepreneurship and innovation should be promoted at all levels; and there should be a particular focus on the empowerment of women.

while engaging the private sector extensively in financing and delivering services; that they should support the private sector and maintain a 'good climate for investment'; and that they should take ownership of the project, rejecting protectionism and committing to open goods and capital markets. At the same time, donors, whether international organisations, governments, or NGOs, should coordinate their activity, and should increase the aid directed to these ends; and the multilateral institutions should lead the global project. All of these elements, spelled out years ago in the World Development Reports of 1990 and 1991 (World Bank, 1990, 1991; Cammack, 2002), will be familiar to anyone who has been engaged in development work or debate over the period. It is striking, therefore, that the 2009 Global Monitoring Report presented by the World Bank and the IMF to the 2009 Spring Meeting, prefaced by the new mantra that “a global crisis requires a global solution”, continues to promote *exactly* the same programme (Box 1).

**Box 1: Priorities for Action in the World Bank/IMF 2009 Global Monitoring Report**

The report sets out six priority areas for action to confront the development emergency that now faces many of these countries. First, we must ensure an adequate fiscal response in developing countries to protect the poor and vulnerable groups and to support economic growth. Priority areas must be strengthening social safety nets and protecting infrastructure programs that can create jobs while building a foundation for future productivity and growth. The precise fiscal response needs to be tailored to individual country circumstances, consistent with maintenance of macroeconomic stability. Second, we must provide support for the private sector and improve the climate for recovery and growth in private investment, including paying special attention to strengthening financial systems. Helping small and medium enterprises get access to finance for trade and investment is vital for job creation. But the crisis has also underscored the importance of broader reforms to improve the stability and soundness of the financial system. Third, we must redouble efforts in human development and recover lost ground in progress toward the MDGs. We can do this not only by strengthening key public programs for health and education, but also by better leveraging the private sector's role in the financing and delivery of services.

In support of these efforts to help developing countries, the report emphasizes three key global priorities. Donors must deliver on their commitments to increase aid. Indeed, the increased needs of poor countries hit hard by the crisis call for going beyond existing commitments. National governments must hold firm against rising protectionist pressures and maintain an open international trade and finance system. Completing the Doha negotiations expeditiously would provide a much-needed boost in confidence to the global economy at a time of high stress and uncertainty. Finally, multilateral institutions must have the mandate, resources, and instruments to support an effective global response to the global crisis. The international financial institutions will need to play a key role in bridging the large financing gap for developing countries resulting from the slump in private capital flows, including using their leverage ability to help revive private flows.

Source: World Bank, *Global Monitoring Report 2009: A Development Emergency*, p. xii.

In short, far from backing off from the aim of subjecting all peoples to the disciplines of the world market, the IFIs have seized the opportunity to advance it. Three conclusions emerge: first, **the project pursued by the international financial institutions is part of a broader global project addressed as much to the developed as the developing world**; second, **its focus is on promoting competitiveness at national and global levels, with the emphasis upon maximising the number of people in work and the productivity of their labour**; and third, **the IFIs have seized the opportunity of the current crisis to press ahead with the project**. The need for more effective regulation of global financial markets has been recognised, but the objective behind it is to set the project on a sounder footing, not to revise let alone abandon it.

## 'An Opportunity to Make Progress on Seemingly Intractable Issues'

The international organisations have been united, most noticeably when the heads of the ILO, IMF, OECD, World Bank and WTO all joined Angela Merkel in Berlin on 5 February 2009, in their conviction that this is “a global crisis [that] needs global solutions” (Presse- und Informationsamt der Bundesregierung, 2009), and quick to put themselves forward to provide them. IMF Executive Director Dominique Strauss-Kahn and World Bank President Robert Zoellick have been the most active both in public and behind the scenes, along with OECD Executive Secretary Angel Gurría, the originator of the suggestion that the international organisations should position themselves as “strategic partners in the political economy of reform” (OECD, 2007: 5). In the run-up to the G-20 summit their constant refrain was that there should be no going back on global capitalism. In this scenario the potential villains were not only the usual suspects – populists and anti-capitalists – but also governments, whether pushed by popular protest or spurred by hope of national advantage. The spectre the international organisations evoked was



protectionism, the self-defeating beggar-my-neighbour policies identified with depression, fascism, and world war. And they professed to hold out an alternative vision of “a stronger, cleaner and fairer economy”, in which “the needs of poor countries and vulnerable populations” would be addressed (ibid).<sup>2</sup>

The strategic thinking behind their campaign is spelled out clearly in an IMF document produced in February 2009: *Initial Lessons of the Crisis for the Global Architecture and the IMF*. Its most telling passage comes in the last paragraph, which reads as follows:

*Bottom line.* The crisis has revealed flaws in key dimensions of the current global architecture, but also provides a unique opportunity to fix them. On the flaws, surveillance needs to be reoriented to ensure warnings are clear, successfully connect the dots, and provide practical advice to policy makers. An effective forum for policy makers with the ability and mandate to take leadership in responding to systemic concerns about the international economy is key. Ground rules for cross-border finance need to be strengthened. And, given the growing size of international transactions, resources available for liquidity support and easing external adjustment should be augmented and processes for using them better defined so they are more readily available when needed. These are all ambitious undertakings. But the damage wrought by the crisis provides an opportunity to make progress on seemingly intractable issues. The moment should not be missed (IMF 2009a: 13).

For the IMF, then, the crisis represents an opportunity to perfect the 'global architecture', by improving its powers of surveillance and policy influence and increasing the resources behind them. The document begins not with a careful consideration of the merits or otherwise of the policies promoted in recent years, but with the assertion that the *traction* of IMF surveillance (its ability to persuade governments to listen to and act upon its advice) needs to be improved (ibid: 1). Accepting the failure of the organisation to identify in time the level of systemic risk, it goes on to call for “a less fragmented and more pointed surveillance system” (ibid: 6), with a focus as much on the advanced as the emerging economies. It traces a “lack of global policy coordination” to “the absence of an

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<sup>2</sup> The final point (Point 5) of the Berlin press release read: “The financial crisis and the global economic downturn have had far-reaching effects, especially on developing countries. Against this background, it is more important than ever that the inter-national community remain committed to its goals of fighting poverty and promoting economic development in poorer countries, thereby resolutely advancing the implementation of the Millennium Development Goals in particular. We welcome the new crisis-facilities launched by the World Bank Group for trade finance, infrastructure, bank recapitalization, and microfinance and support its ongoing work to ensure that all regions of the world can share in long-term, global prosperity.”

effective forum where relevant policy makers could actively engage”, and criticises the split between the IMF Board on the one hand, and the “purely advisory” International Monetary and Financial Committee (IMFC) of “ministers and [Central Bank] governors with the power to act” (ibid: 7) on the other. According to this analysis, individual governments tended to respond to the crisis with unilateral measures, rather than in a collaborative and coordinated manner – and when the need for cooperation was finally recognised it came, regrettably, through the “improvised” mechanism of the G-20 meeting (November 2008), rather than through the the IMF, “the institution mandated to coordinate efforts to preserve global financial stability” (ibid: 8). For the Fund to reclaim this role, the Report concludes, it needs to address “deficits in ownership and effectiveness”; and the crisis presents an opportunity:

Coordination inherently constrains the freedom of action of governments; thus it is understandable that they only engage in it sparingly, as a matter of necessity. But crises are opportunities to overcome this resistance and progress to building more coordination into the international architecture. ... *Unlike alternative groupings, the Fund has the mandate, analytical wherewithal and institutional capacity to play this role, but reforms are clearly needed* (ibid: 8, emphasis in the original).

It is this logic which underpins the call which follows immediately for the reform of quota shares, and representation on the Board and the IMFC. In addition, the report proposes “a high profile forum for focused interactive deliberations and policy follow-up” for IMFC ministers and governors, along with other governance reforms intended to make the Fund “a trusted actor at the center of the system” (ibid: 9). Significantly, it takes a low-key approach to improving cross-border financial regulation (despite its centrality to the current crisis), accepting that “a harmonized bank resolution regime may prove ambitious”, and that “fundamental improvements in the institutional and legal setting – culminating in a binding code of conduct across nations – would largely be a political task beyond the capacities of regulators and supervisors” (ibid: 10). It turns its energy instead to the case for increased resources for the Fund. The issues identified here are the

absence of standing dollar liquidity facilities, the absence of any large insurance mechanism for emerging market countries, and the stigma of fund lending: “it is no secret that members resist approaching the Fund for financing due to the political stigma of such borrowing” (ibid: 11):

This points to the need to tailor the Fund's lending from general resources to the varying strength of members' policies and fundamentals by reforming conditionality and to allow flexibility on access levels and repayment terms in lending instruments that are designed to meet any type of external problem'. *Consideration should be given to establishing an effective crisis prevention instrument catering to high-performing members. For other members, the scope for access to high-access precautionary arrangements should be clarified* (ibid: 12, emphasis mine).

It is clear, then, that the proposal for a new crisis prevention instrument “to provide assurances to members with a strong policy track record and sound fundamentals of rapid, large and upfront access to Fund resources with no ex post conditionality” (ibid) is *not* a waiving of conditionality, but a form of *advance conditionality* aimed to support and protect already *unconditional* adherents to the global project. It complements the second leg of the system, the use of strategically targeted conditionality to exploit an *external* crisis to leverage desired reforms from lower-tier countries “that do not qualify for the new instrument”. The whole scheme depends upon securing “resources commensurate to the magnitude of the problems at issue” (ibid: 13), and the report makes that its final point, immediately before the concluding paragraph quoted in full above (p. 6).

Three further conclusions emerge at this point: first, **the IMF has been explicit in its identification of the crisis as an opportunity to restore its influence and the resources available to it, and thereby advance its global project**; second, **the proposed reforms to representation and conditionality are seen as essential means to these ends**; and third, **the proposed Flexible Credit Line is not a waiving of conditionality but a reward for unconditionality – unconditional adherence to the global project**. The Flexible Credit Line, approved by the IMF Board on 24 March, was described as “designed to provide large and upfront financing to members with very

strong fundamentals and policies”, with the added comment that “as access to the FCL is restricted to those members that meet strict qualification criteria, drawings under it are not tied to policy goals agreed with the country” (IMF, 2009e). The report of the *Committee on IMF Governance Reform* (chaired by another 'unconditional', South Africa Finance Minister Trevor Manuel), was published at the same time, its brief stated as being “to come up with a broad package of reform measures that would help bring the Fund back to the centre of the world economy” (Manuel, 2009).

## The Art of Misdirection: the G-20 Meeting (April 2009)

World Bank President Robert Zoellick ran through the emerging IFI script on 31 March, just prior to the G-20 meeting, at Canary Wharf, at the heart of London's financial centre, - beginning with the obligatory evocation of St. John Maynard Keynes, newly beatified as the patron saint of global capitalism,<sup>3</sup> and going on to call for new powers for the multilaterals across the board: “a WTO monitoring system to advance trade and resist economic isolationism, while working to complete the Doha negotiations to open markets, cut subsidies, and resist backsliding”; “a monitoring role for the IMF, to review the execution of .. stimulus packages and assess results, calling for further action if necessary”; IMF and World Bank Group monitoring of actions and results in the banking sector, with financial sector assessments to be extended to developed countries, “with the results published, taken seriously, and followed up”; an overhaul of the financial regulatory and supervisory system” in which “most of the actual authority over regulation will rest with national governments”, but within which an expanded FSF “could become another important institution of a stronger multilateral system, working with the IMF and

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<sup>3</sup> “Keynes wanted to save the market economy and feared the political consequences – in an era of Communism and Fascism – of failing to do so. His calls to overcome narrow interest went unheeded. Governments reacted ineffectively to the Depression. Countries indulged in competitive beggar-thy-neighbor policies. And catastrophe came.”

the World Bank Group on implementation”; and a global fund to support developing countries, “to invest in infrastructure projects that can create jobs while building a foundation for future productivity and growth”.<sup>4</sup>

Behind the scenes at the Cabinet Office, in the meantime, the emphasis in the run-up to the G-20 Summit was equally on the need to extend the powers of surveillance of the international organisations, led by the IMF, and to use the opportunity afforded by the crisis and the Summit to press ahead with the promotion of competitiveness. The Final Report of Working Group 3, set up in November to consider the reform of the IMF, reaffirmed the central role of the organisation, and called for the strengthening of its surveillance function (G-20, 2009b: 5). The fuller Co-Chairs' Issues Paper attached to the Report spoke of the need for an institution that “provides support to countries facing balance of payments difficulties so that they can avoid policy responses with adverse effects on other countries” (ibid: 13), and stressed the need for confidence-boosting results:

To deliver a confidence boosting message at the G-20 London Summit, it will be important to identify and build consensus around concrete measures which demonstrate, particularly in the context of the crisis, that the Fund will operate more effectively (ibid: 14, para. 34).

This approach (known as 'quick wins' in the jargon of the political economy of reform) reflected the central strategic goal of restoring the authority and legitimacy of the IMF. In the same vein, the Co-Chairs' paper reflected that the IMF “does not have the power to compel nation-states to act in accordance with the IMF Board's conclusions” (ibid: 13), and noted both concurrent IMF consideration of the “hesitancy by some emerging market countries to approach the Fund because of the stigma associated with a Fund program”

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<sup>4</sup> The full paragraph in which this proposal was advanced read as follows: “During the 1997-98 crisis, China’s investments in roads, ports, airports, energy, and telecommunications supported employment while boosting growth over the next decade. With financial support and good governance, other countries can do the same, building productive capacity to pay back loans. As they do so, developing countries will boost global demand, including for capital goods and services from developed countries. Indeed, investments in infrastructure in developing countries probably have a greater potential to boost productivity and growth than “bridges to nowhere” in developed economies”.

(ibid: 20), and “calls for Fund staff and management to be more independent in the conduct of surveillance and engage more directly in 'ruthless truth-telling'” (ibid: 26).

Here and elsewhere, the Report of Working Party 3 endorsed the parallel discussions taking place within the IMF itself, equally envisaging a stronger IMF within which poorer and emerging economies would feel greater ownership, and in which backsliders would be firmly admonished while it would be made easier for star pupils in temporary difficulty to approach the Fund for support. The parallel Final Report of Working Party 4, on the World Bank and the Multilateral Banks, focused on the need to help low-income countries “protect development expenditures in key areas such as health, education, nutrition and safety nets”, while otherwise promoting the leveraging of private sector finance, including “assisting investors from developed and emerging economies willing to invest in poorer countries during difficult times” (G-20, 2009c: 9-10) – again explicitly endorsing the global project outlined above.

It was no surprise, then, that the measures announced at the end of the summit not only made new resources available to the IMF, but also invited it to assess the actions taken and required to restore growth (para. 10), and called for “candid, even-handed, and independent IMF surveillance of our economies and financial sectors, of the impact of our policies upon others, and of risks facing the global economy” (para. 12). As noted above, IMF Managing Director Dominique Strauss-Kahn could scarcely contain his glee at the turnaround in the organisation's fortunes – indeed, he had difficulty remembering every element in the goody bag that had fallen into his lap (IMF, 2009d).

However, the public language in which the outcomes were announced differed substantially from the private deliberations that had preceded the summit. The final communiqué spoke of “the needs and jobs of hard-working families, not just in the developed countries but in emerging markets and the poorest countries of the world too”,

and held out the prospect of a “fair and sustainable world economy” (G-20, 2009a: paras 3 and 25). The emphasis was placed upon providing short-term support to prevent the crisis from wreaking havoc on poor and emerging economies. Gordon Brown went further, and announced in his closing press conference that

The old Washington consensus is over. Today we have reached a new consensus - that we take global action together to deal with the problems we face; that we will do what is necessary to restore growth and jobs; that we will take essential action to rebuild confidence and trust in our financial system, and to prevent a crisis such as this ever happening again (Brown, 2009).

Quite what Brown (or his speech-writers) understood by this claim is open to speculation. But it was part of a concerted effort to portray the summit outcomes as a break with a neoliberal past and an act of benevolence towards the poor and the developing world, while less widely circulated briefings addressed to the global policy community highlighted the new role envisaged for the IFIs (Ishwaran, 2009).

According to some commentators, the Summit did little to address the crisis (Bretton Woods Project, 2009; *Financial Times*, 2009; Giles, 2009; Landler, 2009, Munchau, 2009; *Wall Street Journal*, 2009). And indeed, the gathered leaders failed to agree a new fiscal stimulus to boost global demand, or to restart the stalled Doha trade round. They did nothing about the mass of worthless assets dispersed through the global financial system, nothing of consequence to impose new regulations on the financial sector, and nothing to reverse the old and new protectionism across the developed and developing world.

Did nothing much happen, then? On the contrary, what was pulled off at the Summit was a stunningly successful illusion – a classic piece of misdirection (the magician's practice of directing attention away from the key moves upon which the surreptitious achievement of the desired outcome depends) which affected to signal a change of

course and offer relief to poor and emerging economies, but in fact confirmed and reinforced the ruthless logic of capitalist competitiveness on a global scale.<sup>5</sup>

At this point, then, three further conclusions impose themselves. First, **the IMF and the World Bank succeeded, perhaps beyond their expectations, in imposing their agenda on the G-20 Summit**; second, **they did so, in large measure, because of the support they received from Gordon Brown and the Cabinet Office, who acted consistently to further the IFI project**; third, **in part by trading on the misleading notion of the 'Washington Consensus', the protagonists were able to pass off the intensification of their neoliberal global project as a break with it**. And as with all successful illusions, this one benefited from the planting of willing accomplices in the audience – in this case, three Mexican stooges.

## The Three (Mexican) Stooges

According to an online Magicians Dictionary, a stooge is an 'audience member who is actually planted as part of the act and who acts in a cooperative manner with the magician' (<http://www.glossarycentral.com/magic/stooge.html>). There were three such stooges at the G-20 Summit, Mexico's President, Felipe Calderón, Finance Minister, Agustín Carstens, and Central Bank Governor Guillermo Ortiz Martinez. They had a history. Calderón had hosted World Bank President Robert Zoellick, IMF Managing Director Dominique Strauss-Kahn and Interamerican Development Bank President Luis Alberto Moreno at the First Meeting of Latin American and Caribbean Finance Ministers in Cancún in June 2008. He used the occasion to parade his credentials as an IMF-World

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<sup>5</sup> The logic of enforcement of a politics of global competitiveness was apparent in advice addressed to the G-20 in a volume produced jointly by the Atlantic Council and the Royal Institute for International Affairs (Chatham House): "The IMF (helped by the World Bank and OECD) needs to re-engage in structural issues. Countries with looming pension or health-care imbalances, barriers to productivity growth and competitiveness, and poor environments for doing business need to come up with concrete commitments to change. The IMF is not equipped to do this on its own. Rather, crisis teams including the World Bank and OECD will need to work off the example of collaboration on Financial Sector Assessment Programmes to construct structural recovery programmes" (Schadler, 2009: 42).



Bank poster child, and to call for increased powers for the international financial organisations.<sup>6</sup> Ortiz was a former Mexican ambassador to the IMF; and Carstens, present in Cancún as well as at the G-20 Summit, was Deputy Managing Director of the IMF, no less, from 2003-2006 before he left to join Calderón's campaign team and government, and the *current* chair of the influential IMF-World Bank Development Committee which produced the report cited on p. 4 above. Echoing Gurría's view of the OECD as a strategic partner of decision-makers in the political economy of reform', Carstens, while in office as IMF Deputy Managing Director, had described the Fund as "charged with helping countries to take difficult decisions in the macroeconomic arena" (Carstens, 2004). He now played his part in a carefully prepared coup de théâtre: the announcement that Mexico would be the first country to sign up to the IMF's new Flexible Credit Line. And, word-perfect with the new script, he celebrated the agreement as an endorsement of the soundness of Mexico's economy and its policy stance, turning the idea of a 'stigma' attached to recourse to the IMF on its head.<sup>7</sup>

One final conclusion: **at the heart of the G-20 meeting was a painstakingly mounted and breathtakingly audacious illusion, and the carefully rehearsed and scripted introduction of the Flexible Credit Line, with a team of unconditional Mexican supporters of the IMF and its policies primed to volunteer for it, put the finishing touch to it.** And the lesson? The servants of global capital are not to be underestimated.

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<sup>6</sup> "Nuestros países enfrentan el reto de remover los obstáculos que frenan el crecimiento y la competitividad. Por eso en México estamos impulsando reformas estructurales que fortalecen los cimientos de nuestro desarrollo a futuro. ... Para cumplir con los objetivos comunes de nuestra agenda, de crecimiento económico con justicia, los organismos financieros internacionales tienen un importante papel que jugar como aliados que puedan proporcionar asesoría valiosa, financiamiento y liderazgo, precisamente al abordar esos problemas. Mas allá de la indispensable reforma de las instituciones globales, es fundamental que éstas sean capaces de articular en el presente un mayor liderazgo ante las nuevas circunstancias de la economía mundial" (Calderón, 2008). See also Herrera Beltrán and Gonzalez Amador, 2008.

<sup>7</sup> As Carstens told Mexican journalists in London: "México fue considerado para esta línea de crédito, porque se caracteriza por un manejo de política económica sólida y cuenta con una estructura económica en las mismas condiciones. Destacó que esta es la primera vez que el Fondo Monetario Internacional ofrece cerca de 50 mil millones de dólares sin condicionalidad, lo que representa que es 'un tributo' a la fortaleza de la economía mexicana" (El Mañana, 2009).

## Breaking the Code

To see through the illusion that threatens to restore and perpetuate the power of global capital, one needs to break the multilaterals' code – or to locate their current proposals within the broader project, under way for two decades, to force the pace of development of capitalism on a global scale. Its logic of 'universal convergence on competitiveness' differs from the Washington Consensus not because it has replaced it, but because the Washington Consensus was a partial synthesis that did not capture the strategy espoused by the World Bank, the EBRD, the EU and the OECD in the early 1990s – one that took the macro-economic discipline promoted by the IMF as an essential starting-point, but went beyond it to insist on the need for micro-structural reform in product and labour markets, along with widespread changes in taxation and welfare policies, in order to prompt the structural and behavioural changes in the developed and developing world that would embed the disciplines of capitalist competitiveness everywhere.

Wherever one looks, then, one finds a consistent perspective aimed at furthering the development of capitalism on a global scale. Fundamental to this project was the revamping of the international organisations, in order to enhance their disciplinary power. The international organisations in focus here have long been committed to a global perspective whose logic is the promotion of forms of competitiveness at national level which simultaneously enhance competitiveness in the global capitalist economy. The objective is that the disciplines of capitalist competitiveness, actively promoted and superintended by states, should be introduced and deeply embedded on a global scale. They have struggled to assert themselves, but their project has been substantially furthered by their concerted response to the current crisis. The slogan around which they have united – All Power to Global Capital – points the way clearly to the terms on which opposition must be mounted.

## Further Reading

I have not burdened the text or the argument here with excessive references to theoretical sources. But for those interested, I would recommend Braunmühl (1978), Burnham (1994) and Holloway (1994), along with Cammack (2002, 2003, 2006) for my own approach.

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